

Mineral Revenue Collections

January - December 1998



Photo courtesy of Questar Corporation

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Executive Summary

Revenues from mineral leases on Federal and Indian lands fell 13.6 percent, or \$881.7 million, from \$6.5 billion in 1997 to \$5.6 billion in 1998 (tables 3 and 4, and figure 2). The decline was primarily attributed to lower oil and gas prices in 1998.

Federal offshore revenues fell \$704.9 million, or 14 percent, during the period. A \$778.4 million decline in offshore royalties was partially offset by a \$75.3 million increase in bonus collections and a \$96.2 million increase in rent collections (tables 3 and 4, and figure 7). Offshore oil and gas royalties were both lower in 1998 due to falling prices. Offshore bonus and rent collections were up during the year as a result of recent competitive oil and gas lease sales.

Federal onshore revenues declined \$148.9 million, or 11.9 percent during the same period. A \$153.1 million decline in royalties was partially offset by a \$48.2 million increase in bonus collections (tables 3 and 4, and figure 10).

Revenues from Indian lands fell \$27.9 million, or 13.1 percent, during the period (tables 3 and 4, and figure 13). Much of the decline occurred with oil, gas, and coal royalties.

Coal Summary

The U.S. Department of Energy (DOE) reports that coal production in the United States reached a record 1,100.5 million short tons in 1998. Domestic coal production grew by 1.4 percent during the year.

The electric utility sector consumes nearly 90 percent of all coal used in the United States. Coal prices to electric utilities fell in 1997 to their lowest level since 1979. Prices slowly stabilized in 1998. Gains in mining productivity have resulted in the downward trend for coal prices. The expected increase in coal prices from the effects of the Clean Air Act of 1990 have been more than offset by productivity gains.

Federal and Indian coal royalties fell \$6.4 million, or 1.8 percent, from 1997 to 1998 despite a 4.1 percent increase in coal production during the period (tables 3 and 4, and figure 3). The decline in revenues reflects the depressed state of coal prices over the past two years.

Natural Gas Summary

Natural gas prices fell in January and February 1998 due to warmer-than-expected winter weather in the continental United States. With lower demand, gas inventories remained high throughout the peak heating season. Prices stabilized from March through May with a strong spring injection period. Prices fell again from June through September as a result of well-stocked gas inventories. Prices rebounded in the fall partially due to a hurricane in the Gulf of Mexico that temporarily shut in more than 70 percent of Gulf production for a brief period in October, and a cold snap that gripped much of the Nation in the last two weeks of December.

Federal and Indian gas royalties fell 13.8 percent, or \$367 million, from \$2.7 billion in 1997 to \$2.3 billion in 1998 (tables 3 and 4, and figure 3).

Oil Summary

Average crude oil prices fell during the first 6 months of 1998 as a result of abundant domestic and international supplies. The situation was further aggravated in the fall when the Organization of Petroleum Exporting Countries (OPEC) and non-OPEC countries declined to cut worldwide production in an effort to reduce supplies. Crude oil prices fell nearly \$3 per barrel in December 1998.

The sustained decline in oil prices produced a sharp drop in Federal and Indian oil royalties during the year. Oil royalties fell 33.2 percent, or \$533.1 million, from \$1.6 billion in 1997 to \$1.1 billion in 1998 (tables 3 and 4, and figure 3).

Notice

This report is designed to provide a general record of collection activity during the period. Some information in this report necessarily includes estimated data that may change after publication. The report is subsequently not intended to be a final accounting of collections or disbursements. Detailed disbursement information is available to all States through explanation of payment reports mailed monthly to each State office. Final annual collection and disbursement information is published in the annual *Mineral Revenues* report.

Selected sales volume and sales value data in this report have not been adjusted to resolve distortions created by payors reporting on communitization or unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Sales volume and sales value information in the annual *Mineral Revenues* report is adjusted to accommodate these types of distortions. Time and resource constraints preclude adjustments in this quarterly report series.

Indian nonstandard lease and agreement collections are not available in the first three quarters of the year. These collections are subsequently added into the fourth quarter of each year in this report. Complete Indian nonstandard lease and agreement collections are published in the annual *Mineral Revenues* report.

About This Report

The Mineral Revenue Collections report provides information addressing royalty, rent, bonus, and other revenue receipts from Federal and Indian leases. The Minerals Management Service (MMS) Royalty Management Program (RMP) distributes the report on a quarterly basis to Congressional, Federal, State, Indian, and industry representatives.

Some information in this report necessarily includes estimated data that may change after publication. Numbers in parentheses may include current year collections and credits, and prior-year adjustments.

Mineral Lease Revenues

The report addresses four types of lease revenues: bonuses, rents, minimum royalties, and royalties.

- **Bonuses** — Leases issued in areas known to contain minerals are awarded through a competitive bidding process. Bonuses represent the cash amount successfully bid to win the rights to a lease.
- **Rents** — A rent schedule is established at the time a lease is issued. Rents are annual payments, normally a fixed dollar amount per acre, required to preserve the rights to a lease while the lease is not in production.
- **Minimum Royalties** — A Federal lease may further contain a minimum royalty provision. Minimum royalty is the annual payment, on a per acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that year.

Minimum royalties are included under the entry “Other Revenues” in this report. “Other Revenues” includes settlement payments, gas storage fees, estimated payments, and recoupments in addition to minimum royalties.

- **Royalties** — A royalty is due when production begins. Royalty payments represent a stated share or percentage of the amount or the value of the mineral produced. The royalty may be an established minimum, a step-scale, or a sliding-scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Sales Volume and Sales Value

Sales volume represents the quantity reported sold during the period. Sales value represents the dollar value of the commodity reported sold during the period.

Selected sales volume and sales value figures in the annual ***Mineral Revenues*** report are adjusted to resolve distortions created by payors reporting on communitization and unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Time and resource constraints preclude a similar adjustment of sales volume and sales value in this quarterly report series.

Revenue Collections and Disbursements

Revenues collected from mineral leases on Federal lands are distributed to States, to the U.S. Department of the Treasury (Treasury), and to a number of designated special-purpose accounts administered by Federal agencies, depending on the land category and the applicable law involved. The Bureau of Indian Affairs (BIA) disburses revenues collected from Indian leases to the appropriate Indian Tribes and allottees.

Royalty payments are generally due on the last day of the month following the month of production, unless that day falls on a weekend or holiday.

Payments are then due on the first business day of the following month.

Since 1983, MMS has generally disbursed mineral revenues derived from leases on public domain lands and shared with the States in the month following receipt of the payment. Disbursements are made under the provisions of section 104 of the Federal Oil and Gas Royalty Management Act of 1982 which amended the revenue disbursement provisions of the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191. The MMS deposits Indian revenues in accounts administered by the Office of Trust Funds Management (OTFM) where they are invested and subsequently distributed to Indian Tribes and allottees by BIA. Since revenues collected in one month are disbursed in the following month, collection totals in a given year will not equal disbursement totals for the same year.

The MMS administers mineral leases from different land categories. Legislation and regulations govern formulas for the disbursement of revenues from these leases.

- **Offshore Lands** — Royalty, rent, and bonus revenues from Federal offshore mineral leases on the Outer Continental Shelf (OCS) are deposited to the General Fund of the Treasury through miscellaneous receipts. Under other applicable laws, specified amounts from total offshore revenues are transferred to the Land and Water Conservation Fund (LWCF) and the National Historic Preservation Fund (NHPF).

The LWCF, primarily administered by the National Park Service, provides revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Offshore mineral leasing provides approximately 70-90 percent of LWCF revenues.

The NHPF, administered by the National Park Service, is designed to expand and accelerate historic preservation plans and activities. The NHPF provides revenues for matching grants-in-aid to States and local governments, and funds the

National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of NHPF revenues.

Section 8(g) of the Outer Continental Shelf Lands Act (OCSLA) Amendments of 1978 provided that the States were to receive a “fair and equitable” division of revenues generated from the leasing of lands within 3 miles of the seaward boundary of a coastal State containing one or more oil and gas pools or fields underlying both the OCS and lands subject to the jurisdiction of the State.

The States and the Federal Government, however, could not reach agreement concerning the meaning of the term “fair and equitable.” Revenues generated within the 3-mile boundary were placed into an escrow fund beginning in August 1979. Revenues from the Beaufort Sea in Alaska were placed into a second escrow fund under section 7, beginning in December 1979.

Congress resolved the dispute over the meaning of “fair and equitable” in the OCSLA Amendments of 1985, Public Law 99-272. The law provides for the following distribution of section 8(g) revenues to the States:

- Disbursement of escrow funds in Fiscal Years (FY) 1986-87;
- A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and
- Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected State’s 8(g) zone.

Congress passed a second law, Public Law 100-202, permitting distribution of \$322.9 million in section 7 Beaufort Sea escrow funds to Alaska in FY 1988.

- **Public Domain Lands** — The majority of Federal lands are in the public domain. Under section 35 of MLA, States other than Alaska receive 50 percent of all royalties, rents, and bonuses collected from any public domain leases located within their respective boundaries.

Forty percent of remaining mineral revenues is deposited in the Reclamation Fund administered by the Bureau of Reclamation. The Reclamation Fund provides revenues to build, maintain, and operate water and associated power projects on arid and semiarid Western lands. Federal onshore mineral leasing provides approximately 40-50 percent of Reclamation Fund revenues.

The remaining ten percent of mineral revenues from public domain leases is directed into the General Fund of the Treasury through miscellaneous receipts.

Alaska receives 90 percent of all royalties, rents, and bonuses paid for mineral production on public domain leases in Alaska. The State also receives 50 percent of all mineral revenues generated from the National Petroleum Reserve Alaska.

- **Acquired Lands** — The MMS collects all royalties, rents, and bonuses from leases issued under the Mineral Leasing Act for Acquired Lands of 1947, 30 U.S.C. 351 *et seq.*, on behalf of a number of Federal agencies. Revenues are disbursed according to laws applicable to the lands.

Seventy-five percent of mineral receipts from leases on acquired lands within a national forest administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the State in which the lease is located.

Seventy-five percent of mineral revenues from leases on acquired lands within a national grassland administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the county in which the lease is located.

Seventy-five percent of mineral receipts from acquired Flood Control Act lands administered by the U.S. Army Corps of Engineers is distributed to the State in which the lease is located. The remaining 25 percent is distributed to the General Fund of the Treasury.

Mineral revenues derived from leases on acquired National Wildlife Refuge lands are shared with the

county in which the lease is located, according to one of three alternative formulas prescribed by statute. The remainder is deposited in the General Fund of the Treasury.

All mineral receipts generated from leases on acquired reclamation project lands are paid to the Reclamation Fund.

Mineral revenues collected from leases on acquired military lands issued before 1981 are deposited in the General Fund of the Treasury. Revenues collected from mineral leases on acquired military lands issued beginning January 1, 1981, are disbursed in the same manner as revenues from public domain leases.

Receipts from other acquired lands are deposited in a general Treasury account.

- **Indian Lands** — The BIA collects bonuses and rents from nonproducing leases. The MMS disburses mineral royalties and rents from producing Indian Tribal and allotted leases to OTFM. The BIA subsequently makes disbursements to Tribes and to individual Indian allottees, with the following exceptions:
 - Oil and gas payments to four Tribes—the Jicarilla Apache, the Blackfeet, the Navajo Nation, and the Southern Ute—are made directly by the lease payor to financial institutions contracted by the Tribes to receive their mineral payments.
 - The BIA has authorized payors to make direct payments to selected individual Indian allottees.
 - The Osage Nation manages all mineral leases on its Tribal lands and collects its own revenues.
 - Solid mineral royalties are paid directly to the applicable Tribes or to a designated BIA office.
- **Alaska Native Lands** — Payments to the Cook Inlet Region, Inc., in Alaska on behalf of Alaskan Natives for the interests the Region holds in several former Federal leases, are made directly by lease payors to the corporation.

Products and Units of Measurement

Product	Unit of Measurement
Amethyst	Grams
Carbon Dioxide	Mcf (thousand cubic feet)
Coal	Short tons (2,000 pounds)
Copper	Short tons
Garnet Gem	Kilograms
Gas	Mcf
Gas Plant Products	Gallons
Geothermal and Heated Water Sources	Millions of British thermal units
Helium	Mcf
Nitrogen	Mcf
Oil	Barrels (42 U.S. gallons)
Phosphate	Short tons
Potash	Short tons
Quartz Crystals	Pounds
Sand and Gravel	Short tons
Sodium	Short tons
Sulfur	Short tons
All Other Solid Minerals	Short tons

NOTE: Sulfur is reported as either a fluid or solid mineral based on the method of extraction. Fluid mineral sulfur is produced by extracting the product from the oil and gas stream. All onshore sulfur and a limited amount of offshore sulfur are currently produced from the oil and gas stream. Solid mineral sulfur is extracted using the Frasch process. The majority of offshore sulfur is produced using the Frasch mining method.

Copper reported in pounds and sulfur reported in long tons have been converted to short tons in this report.

Sodium product figures include sodium borate and carbonate compounds.

National Summary



Photo courtesy of BP Amoco

Table 1. Revenues from Federal and Indian mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 92,882,726	\$ 73,973,075	\$ 89,994,060	\$ 88,884,310	\$ 345,734,171
Gas Royalties	673,146,192	555,434,317	588,103,995	474,243,255	2,290,927,759
Oil Royalties	306,689,208	275,781,505	262,694,469	227,513,615	1,072,678,797
Other Royalties . . .	<u>41,833,431</u>	<u>37,262,837</u>	<u>38,362,464</u>	<u>31,465,085</u>	<u>148,923,817</u>
Royalty Subtotal	\$1,114,551,557	\$ 942,451,734	\$ 979,154,988	\$ 822,106,265	\$3,858,264,544
Rents	\$ 33,575,228	\$ 81,039,121	\$ 63,440,344	\$ 120,590,958	\$ 298,645,651
Bonuses	\$ 416,809,336	\$ 403,032,203	\$ 451,456,809	\$ 183,216,416	\$1,454,514,764
Other Revenues . .	<u>\$ (31,973,802)</u>	<u>\$ 8,795,756</u>	<u>\$ 33,934,940</u>	<u>\$ (13,797,849)</u>	<u>\$ (3,040,955)</u>
Total	\$1,532,962,319	\$1,435,318,814	\$1,527,987,081	\$1,112,115,790	\$5,608,384,004

Table 2. Revenues from Federal and Indian mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 88,933,826	\$ 79,937,512	\$ 96,310,576	\$ 86,996,830	\$ 352,178,744
Gas Royalties	801,295,845	652,828,009	550,080,852	653,756,149	2,657,960,855
Oil Royalties	472,049,840	352,488,535	375,684,052	405,544,315	1,605,766,742
Other Royalties . . .	<u>61,403,600</u>	<u>49,037,476</u>	<u>44,540,468</u>	<u>48,314,679</u>	<u>203,296,223</u>
Royalty Subtotal	\$1,423,683,111	\$1,134,291,532	\$1,066,615,948	\$1,194,611,973	\$4,819,202,564
Rents	\$ 22,425,155	\$ 54,698,332	\$ 64,054,622	\$ 58,810,123	\$ 199,988,232
Bonuses	\$ 256,231,663	\$ 131,352,856	\$ 714,516,037	\$ 228,924,847	\$1,331,025,403
Other Revenues . .	<u>\$ 96,370,001</u>	<u>\$ (59,997,648)</u>	<u>\$ 4,901,875</u>	<u>\$ 98,632,350</u>	<u>\$ 139,906,578</u>
Total	\$1,798,709,930	\$1,260,345,072	\$1,850,088,482	\$1,580,979,293	\$6,490,122,777

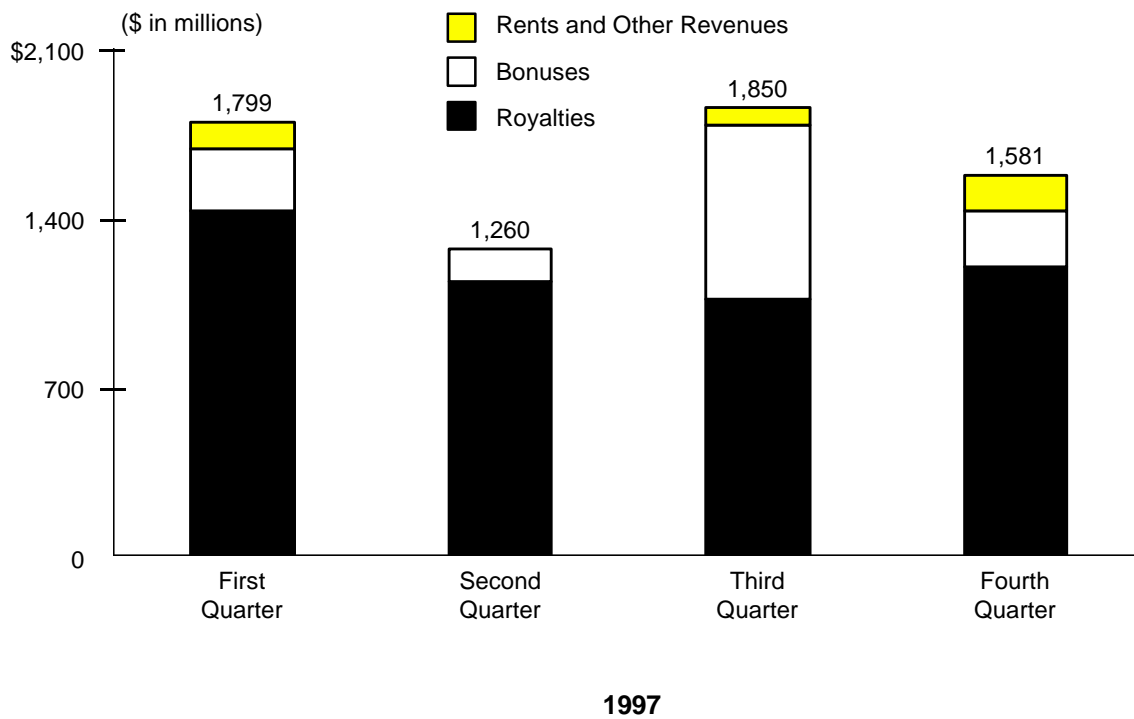
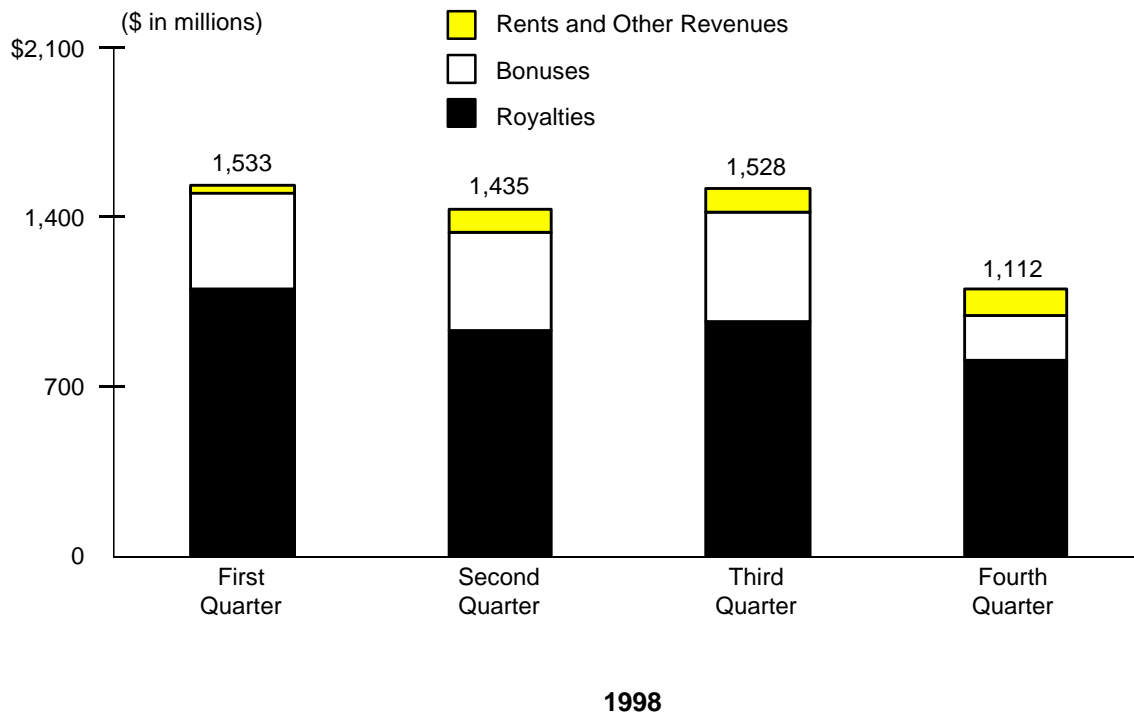


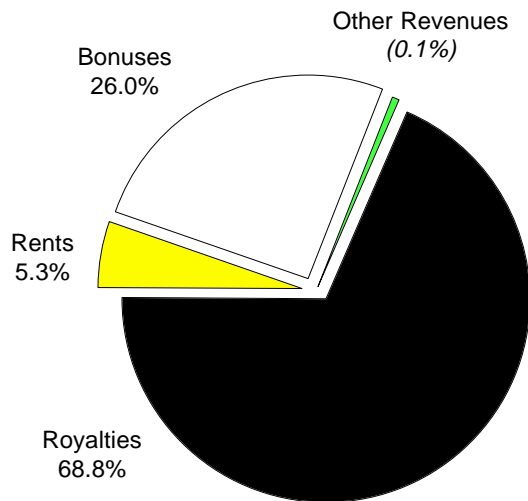
Figure 1. Revenues by source from Federal and Indian mineral leases, by quarter, Calendar Years 1997 and 1998

Table 3. Revenues from Federal and Indian mineral leases, January - December, 1998

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	\$ ---	\$ 285,312,268	\$ 60,421,903	\$ 345,734,171
Gas Royalties	1,795,215,514	421,197,012	74,515,233	2,290,927,759
Oil Royalties	908,507,359	132,153,797	32,017,641	1,072,678,797
Other Royalties	<u>57,367,481</u>	<u>82,718,454</u>	<u>8,837,882</u>	<u>148,923,817</u>
Royalty Subtotal . . .	\$2,761,090,354	\$ 921,381,531	\$175,792,659	\$3,858,264,544
Rents	\$ 258,475,121	\$ 39,219,712	\$ 950,818	\$ 298,645,651
Bonuses	\$1,320,332,911	\$ 134,181,853	\$ ---	\$1,454,514,764
Other Revenues	<u>\$ (17,261,054)</u>	<u>\$ 5,080,148</u>	<u>\$ 9,139,951</u>	<u>\$ (3,040,955)</u>
Total	\$4,322,637,332	\$1,099,863,244	\$185,883,428	\$5,608,384,004

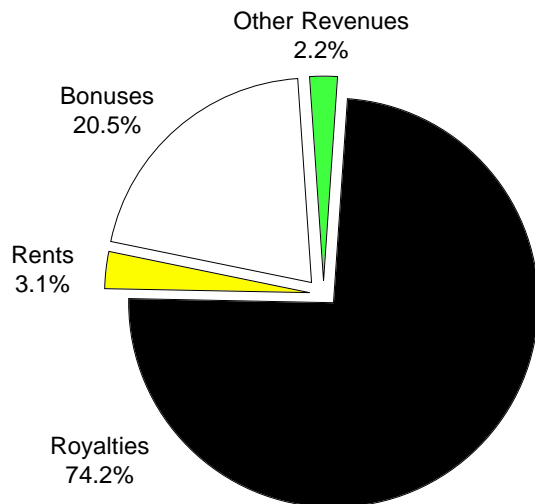
Table 4. Revenues from Federal and Indian mineral leases, January - December, 1997

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	\$ ---	\$ 285,552,110	\$ 66,626,634	\$ 352,178,744
Gas Royalties	2,100,995,452	476,555,620	80,409,783	2,657,960,855
Oil Royalties	1,343,566,537	213,661,820	48,538,385	1,605,766,742
Other Royalties	<u>94,901,986</u>	<u>98,722,348</u>	<u>9,671,889</u>	<u>203,296,223</u>
Royalty Subtotal . . .	\$3,539,463,975	\$1,074,491,898	\$205,246,691	\$4,819,202,564
Rents	\$ 162,324,397	\$ 36,725,742	\$ 938,093	\$ 199,988,232
Bonuses	\$1,245,049,899	\$ 85,975,504	\$ ---	\$1,331,025,403
Other Revenues	<u>\$ 80,725,907</u>	<u>\$ 51,562,297</u>	<u>\$ 7,618,374</u>	<u>\$ 139,906,578</u>
Total	\$5,027,564,178	\$1,248,755,441	\$213,803,158	\$6,490,122,777



Royalties	\$3,858,264,544
Rents	298,645,651
Bonuses	1,454,514,764
Other Revenues	(3,040,955)
Total	\$5,608,384,004

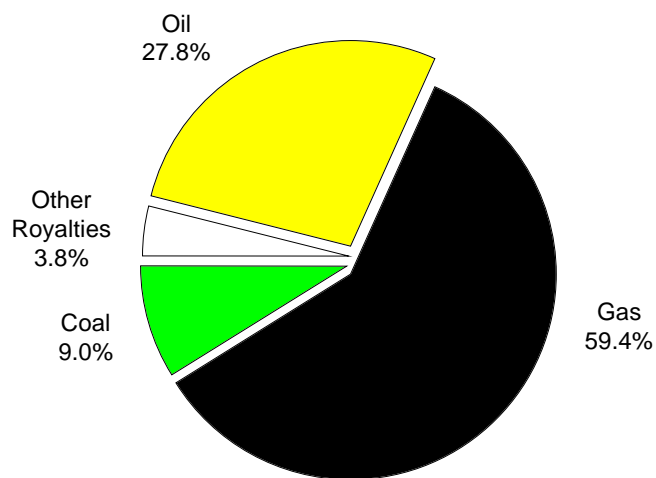
January - December, 1998



Royalties	\$4,819,202,564
Rents	199,988,232
Bonuses	1,331,025,403
Other Revenues	139,906,578
Total	\$6,490,122,777

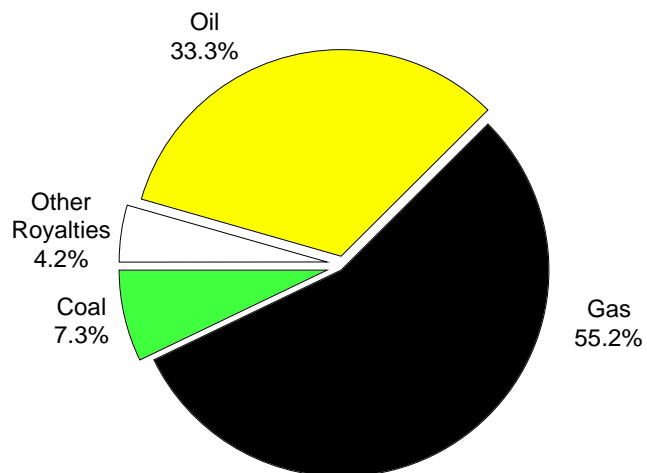
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**Figure 2. Revenues from Federal and Indian mineral leases by source,
January - December, 1997 and 1998**



January - December, 1998

Coal	\$ 345,734,171
Gas	2,290,927,759
Oil	1,072,678,797
Other Royalties	148,923,817
Total	\$3,858,264,544



January - December, 1997

Coal	\$ 352,178,744
Gas	2,657,960,855
Oil	1,605,766,742
Other Royalties	203,296,223
Total	\$4,819,202,564

**Figure 3. Royalties from Federal and Indian mineral leases by commodity,
January - December, 1997 and 1998**

Offshore Federal Mineral Revenues



Photo courtesy of Chevron Corporation, Dennis Harding

Table 5. Revenues from OCS mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties \$	---	\$ ---	\$ ---	\$ ---	\$ ---
Gas Royalties	532,020,128	427,720,453	463,086,640	372,388,293	1,795,215,514
Oil Royalties	257,116,918	235,185,441	224,345,770	191,859,230	908,507,359
Other Royalties . . .	<u>16,029,844</u>	<u>16,303,005</u>	<u>14,928,759</u>	<u>10,105,873</u>	<u>57,367,481</u>
Royalty Subtotal	\$ 805,166,890	\$ 679,208,899	\$ 702,361,169	\$ 574,353,396	\$ 2,761,090,354
Rents	\$ 23,098,324	\$ 71,484,316	\$ 52,888,639	\$ 111,003,842	\$ 258,475,121
Bonuses	\$ 384,415,416	\$ 387,470,345	\$ 396,661,984	\$ 151,785,166	\$ 1,320,332,911
Other Revenues . .	<u>\$ (33,276,075)</u>	<u>\$ 5,803,613</u>	<u>\$ 25,319,811</u>	<u>\$ (15,108,403)</u>	<u>\$ (17,261,054)</u>
Total	\$1,179,404,555	\$1,143,967,173	\$1,177,231,603	\$ 822,034,001	\$4,322,637,332

Table 6. Revenues from OCS mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties \$	---	\$ ---	\$ ---	\$ ---	\$ ---
Gas Royalties	632,254,850	519,518,970	437,692,032	511,529,600	2,100,995,452
Oil Royalties	396,181,827	292,423,660	316,228,536	338,732,514	1,343,566,537
Other Royalties . . .	<u>32,628,739</u>	<u>21,524,441</u>	<u>18,326,245</u>	<u>22,422,561</u>	<u>94,901,986</u>
Royalty Subtotal .	\$1,061,065,416	\$ 833,467,071	\$ 772,246,813	\$ 872,684,675	\$3,539,463,975
Rents	\$ 12,783,858	\$ 45,558,395	\$ 54,570,063	\$ 49,412,081	\$ 162,324,397
Bonuses	\$ 219,513,134	\$ 117,626,174	\$ 693,275,329	\$ 214,635,262	\$ 1,245,049,899
Other Revenues . .	<u>\$ 78,380,488</u>	<u>\$ (57,203,391)</u>	<u>\$ 2,614,916</u>	<u>\$ 56,933,894</u>	<u>\$ 80,725,907</u>
Total	\$1,371,742,896	\$ 939,448,249	\$1,522,707,121	\$1,193,665,912	\$5,027,564,178

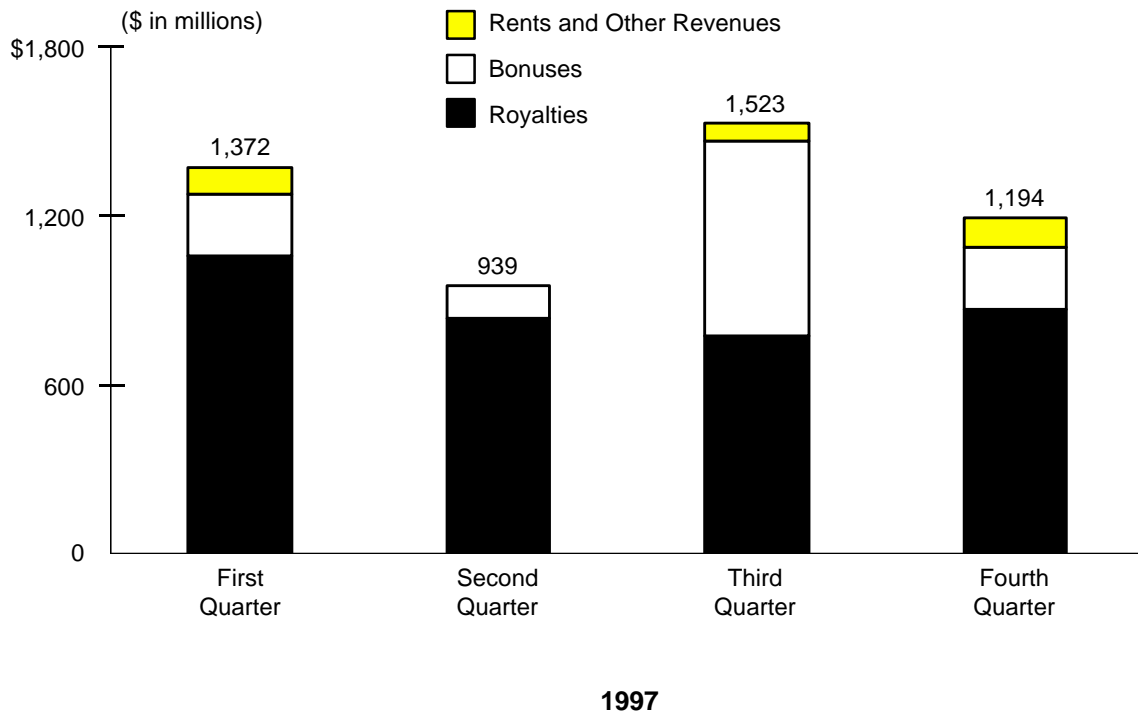
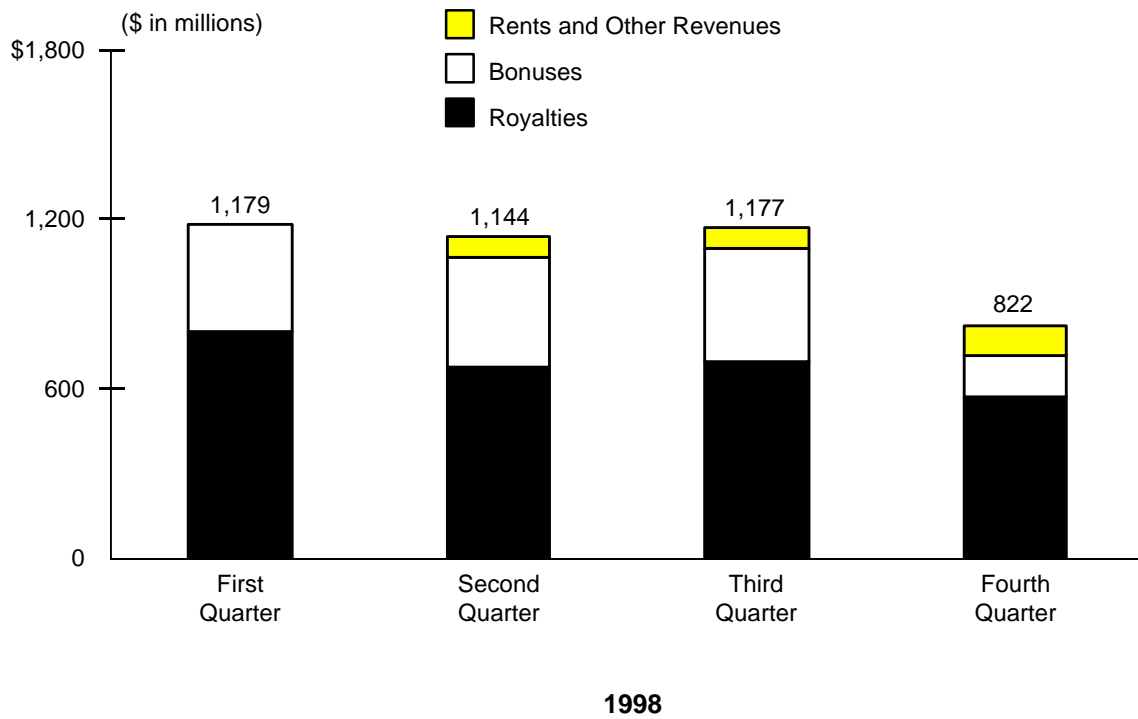


Figure 4. Revenues by source from OCS mineral leases, by quarter, Calendar Years 1997 and 1998

Table 7. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - December, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
Gas			
Alabama	130,584,623	\$ 308,507,792	\$ 49,440,038
Alaska	---	---	---
California	32,786,843	61,585,274	9,264,381
Gulf of Mexico	4,993,585	12,733,642	2,006,822
Louisiana	3,788,567,613	8,955,401,955	1,398,638,647
Mississippi	15,531,966	35,800,358	5,934,236
Texas	863,635,590	1,977,813,228	329,931,390
Subtotal	4,836,100,220	\$11,351,842,249	\$1,795,215,514
Gas Lost			
California	21,583	\$ 46,324	\$ 7,721
Louisiana	2,265,712	6,232,905	779,301
Subtotal	2,287,295	\$ 6,279,229	\$ 787,022
Gas Plant Products			
Alabama	2,054,945	\$ 475,547	\$ 47,314
Alaska	---	---	---
California	37,801,293	12,104,735	520,122
Gulf of Mexico	---	---	---
Louisiana	1,287,934,256	378,943,939	45,055,796
Mississippi	---	---	---
Texas	101,381,683	23,932,280	3,066,016
Subtotal	1,429,172,177	\$ 415,456,501	\$ 48,689,248
Oil			
Alabama	16,565	\$ 137,207	\$ 22,799
Alaska	---	---	---
California	44,612,468	350,268,943	48,547,803
Gulf of Mexico	6,730	111,706	18,098
Louisiana	416,508,155	5,612,342,931	815,259,590
Mississippi	---	---	---
Texas	20,128,157	285,470,824	44,659,069
Subtotal	481,272,075	\$ 6,248,331,611	\$ 908,507,359
Sulfur			
Alabama	38,726	\$ 1,583,734	\$ 123,995
California	(20,507)	(62,343)	(1,964)
Louisiana	1,800,750	86,504,919	7,769,180
Subtotal	1,818,969	\$ 88,026,310	\$ 7,891,211
Royalty Total		\$18,109,935,900	\$2,761,090,354

Table 7. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents			
Alabama			\$ 417,498
Alaska			2,004,222
Florida			34,701
Gulf of Mexico			181,562,967
Louisiana			51,518,286
Mississippi			382,231
New York			350,208
North Carolina			73,728
South Carolina			18,432
Texas			22,112,848
Rent Total			\$ 258,475,121
Bonuses			
Alabama			\$ 766,676
Alaska			5,327,093
Gulf of Mexico			1,080,289,961
Louisiana			151,221,460
Mississippi			1,844,754
Texas			80,882,967
Bonus Total			\$1,320,332,911
Other Revenues			
Alabama			\$ (1,436,237)
Alaska			94,178
California			6,398,459
Gulf of Mexico			576,189
Louisiana			(14,452,431)
Mississippi			(116,311)
Texas			(8,522,901)
Virginia			198,000
Other Revenues Total			\$ (17,261,054)
Total Revenues			\$4,322,637,332

NOTE: Boundaries for offshore State areas have not been legally defined beyond the area identified in Section 8(g) of the Outer Continental Shelf Lands Act Amendments of 1985, Public Law 99-272. Beginning in 1996, revenues from new offshore leases issued in the Gulf of Mexico beyond the section 8(g) boundaries are listed in this report under "Gulf of Mexico." Revenues from leases issued within each State's 8(g) zone and leases previously identified with a particular State will continue to be listed under that State.

Collections identified as "Other Revenues" include minimum royalties, settlement payments, gas storage fees, estimated payments, recoupments, and fees for sand and gravel used for beach restoration. The decline in revenues in 1998 is due to a lower volume of settlement payments and to a number of recoupments for estimated oil and gas royalty payments. Estimated payments by many payors exceeded royalty obligations when oil and gas prices fell in 1998.

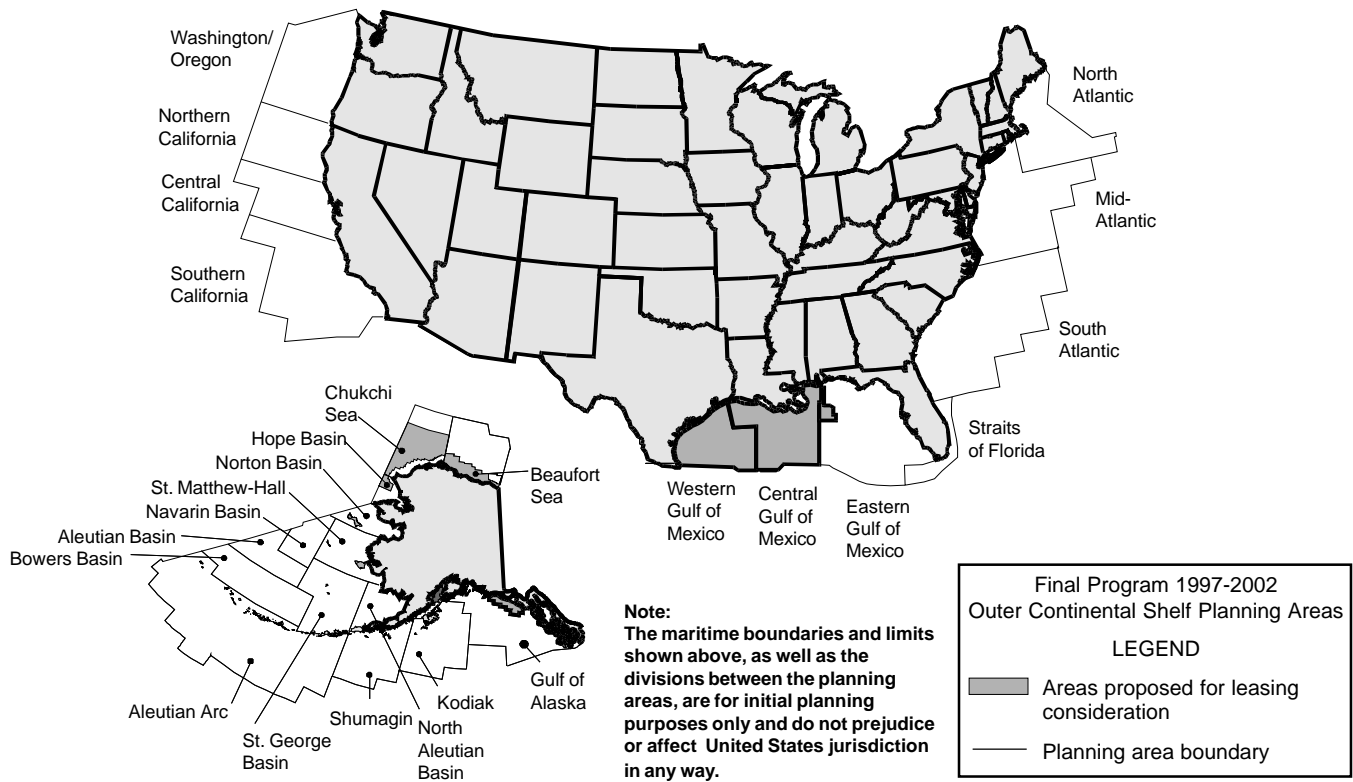


Figure 5. Map of OCS regions in current OCS oil and gas leasing program

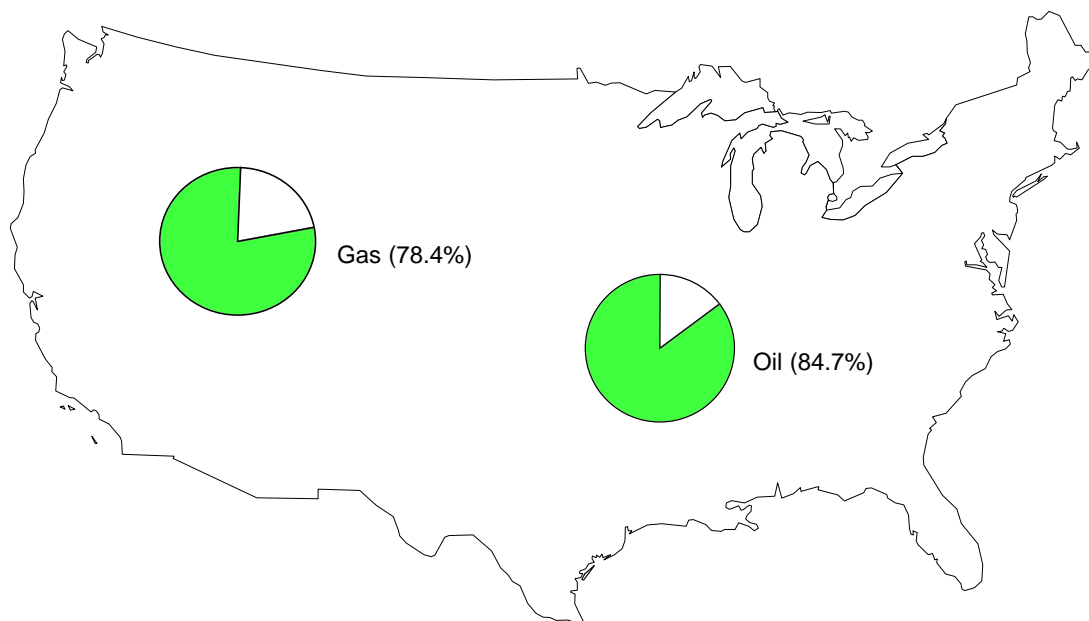
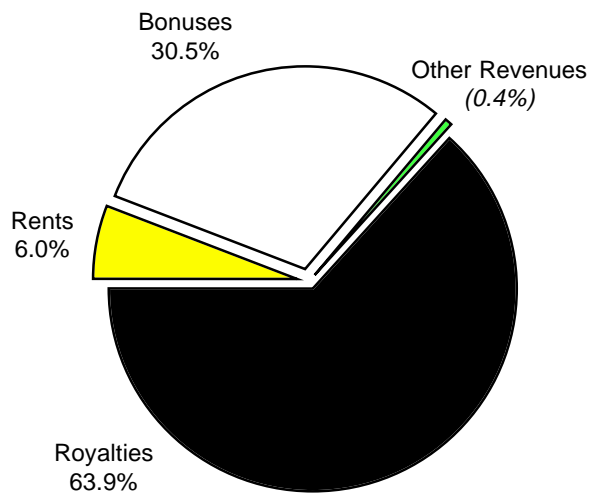
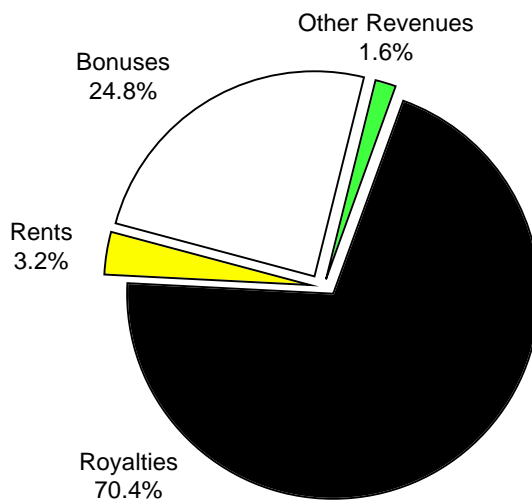


Figure 6. OCS royalties as a percentage of total Federal and Indian royalties from oil and gas, January - December, 1998



Royalties	\$2,761,090,354
Rents	258,475,121
Bonuses	1,320,332,911
Other Revenues	(17,261,054)
Total	\$4,322,637,332

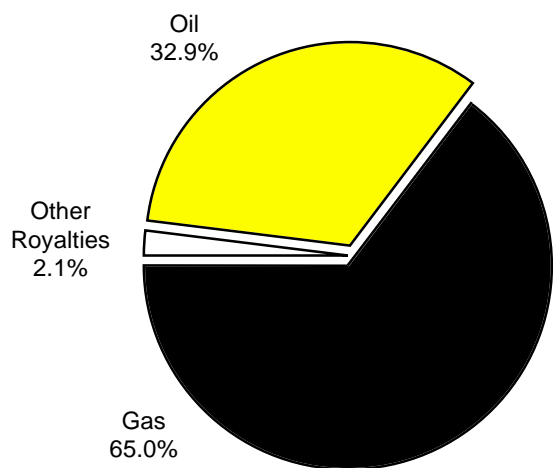
January - December, 1998



Royalties	\$3,539,463,975
Rents	162,324,397
Bonuses	1,245,049,899
Other Revenues	80,725,907
Total	\$5,027,564,178

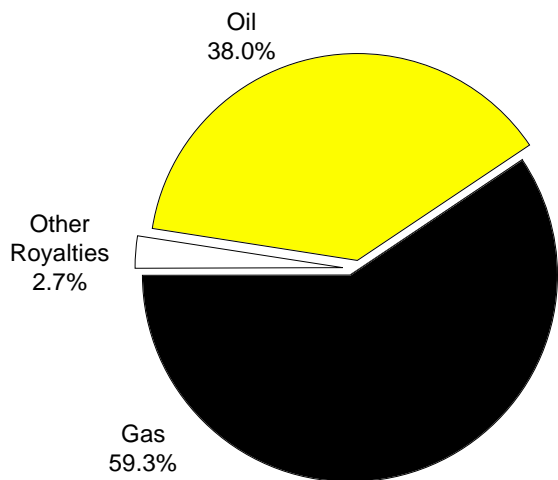
January - December, 1997

Figure 7. Revenues from OCS mineral leases by source, January - December, 1997 and 1998



Gas	\$1,795,215,514
Oil	908,507,359
Other Royalties	57,367,481
Total	\$2,761,090,354

January - December, 1998



Gas	\$2,100,995,452
Oil	1,343,566,537
Other Royalties	94,901,986
Total	\$3,539,463,975

January - December, 1997

Figure 8. Royalties from OCS mineral leases by commodity, January - December, 1997 and 1998

Onshore Federal Mineral Revenues



Photo courtesy of Texaco Inc.

Table 8. Revenues from Federal onshore mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 77,805,892	\$ 63,137,570	\$ 74,552,948	\$ 69,815,858	\$ 285,312,268
Gas Royalties	120,712,823	109,268,859	106,126,102	85,089,228	421,197,012
Oil Royalties	40,724,119	32,591,206	31,429,118	27,409,354	132,153,797
Other Royalties . . .	<u>24,001,979</u>	<u>18,538,301</u>	<u>21,099,202</u>	<u>19,078,972</u>	<u>82,718,454</u>
Royalty Subtotal	\$263,244,813	\$223,535,936	\$233,207,370	\$201,393,412	\$ 921,381,531
Rents	\$ 10,308,170	\$ 9,317,628	\$ 10,263,381	\$ 9,330,533	\$ 39,219,712
Bonuses	\$ 32,393,920	\$ 15,561,858	\$ 54,794,825	\$ 31,431,250	\$ 134,181,853
Other Revenues . .	<u>\$ 322,401</u>	<u>\$ 1,221,243</u>	<u>\$ 3,144,755</u>	<u>\$ 391,749</u>	<u>\$ 5,080,148</u>
Total	\$306,269,304	\$249,636,665	\$301,410,331	\$242,546,944	\$1,099,863,244

Table 9. Revenues from Federal onshore mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 73,191,736	\$ 65,357,169	\$ 78,787,232	\$ 68,215,973	\$ 285,552,110
Gas Royalties	148,763,470	114,382,016	96,405,933	117,004,201	476,555,620
Oil Royalties	62,927,696	49,716,517	48,986,289	52,031,318	213,661,820
Other Royalties . . .	<u>26,729,641</u>	<u>24,954,934</u>	<u>24,473,628</u>	<u>22,564,145</u>	<u>98,722,348</u>
Royalty Subtotal	\$311,612,543	\$254,410,636	\$248,653,082	\$259,815,637	\$1,074,491,898
Rents	\$ 9,487,892	\$ 8,707,764	\$ 9,360,856	\$ 9,169,230	\$ 36,725,742
Bonuses	\$ 36,718,529	\$ 13,726,682	\$ 21,240,708	\$ 14,289,585	\$ 85,975,504
Other Revenues . .	<u>\$ 16,851,161</u>	<u>\$ (2,854,398)</u>	<u>\$ 2,066,950</u>	<u>\$ 35,498,584</u>	<u>\$ 51,562,297</u>
Total	\$374,670,125	\$273,990,684	\$281,321,596	\$318,773,036	\$1,248,755,441

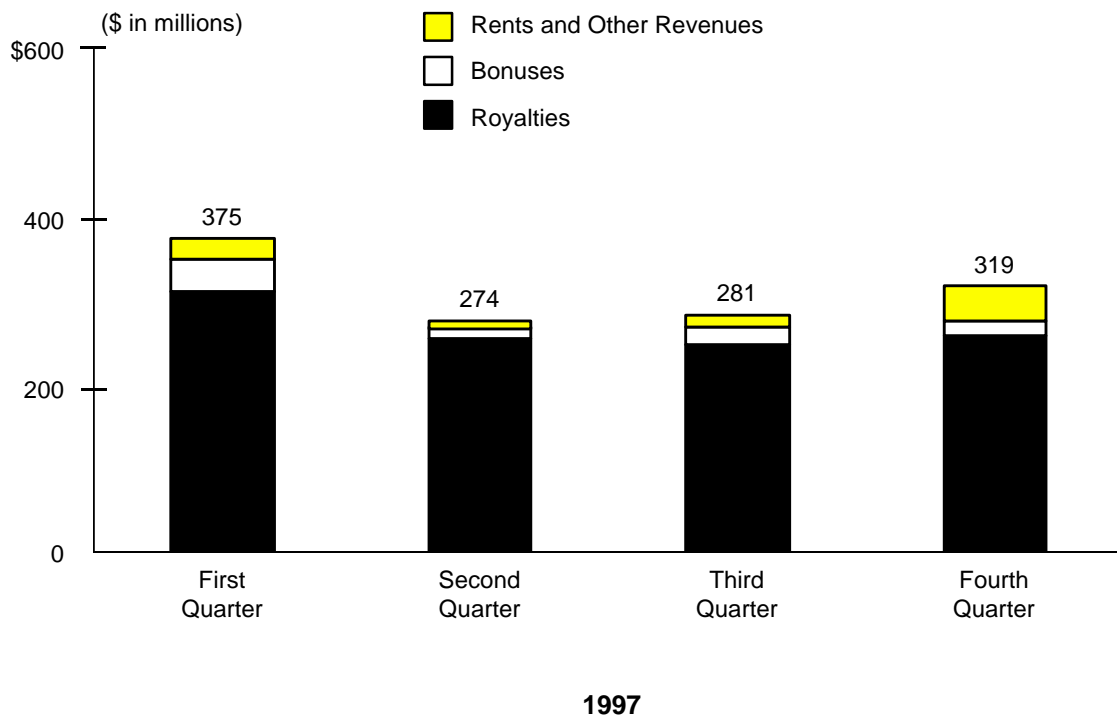
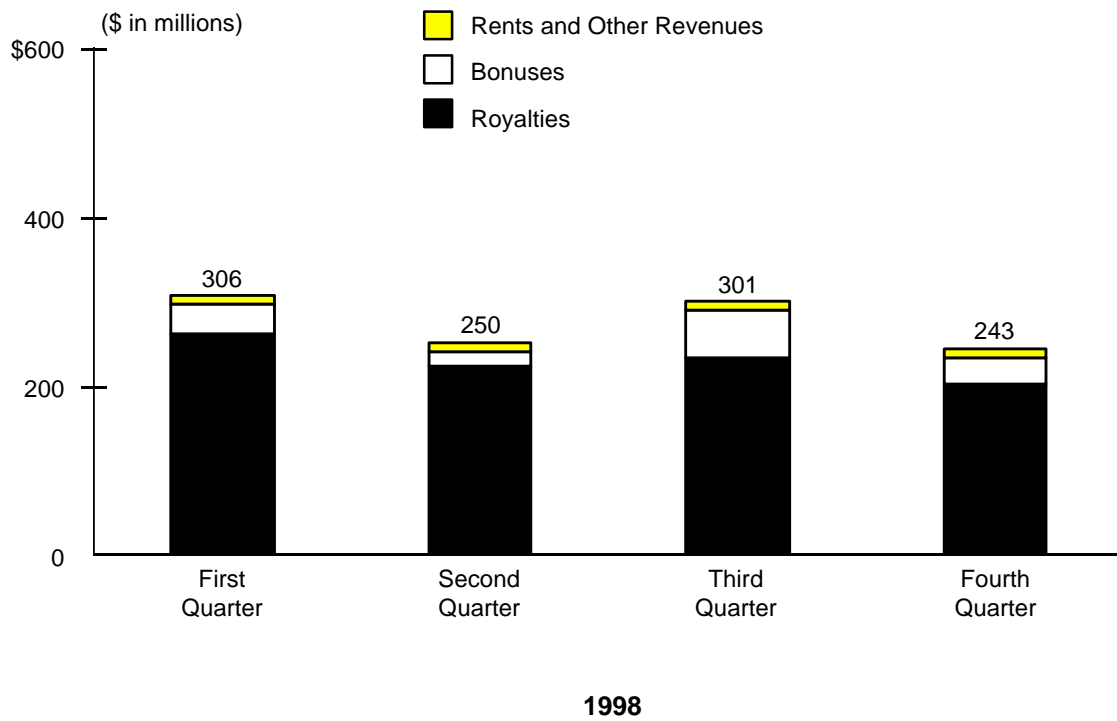


Figure 9. Revenues by source from Federal onshore mineral leases, by quarter, Calendar Years 1997 and 1998

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Carbon Dioxide</i>			
Colorado	274,217,091	\$ 171,143,731	\$ 10,546,573
New Mexico	12,843,783	4,968,276	619,954
Wyoming	<u>26,488,476</u>	<u>7,479,488</u>	<u>9,815</u>
Subtotal	313,549,350	\$ 183,591,495	\$ 11,176,342
<i>Clay</i>			
Alabama	74,867	\$ 149,734	\$ 5,989
<i>Coal</i>			
Alabama	439,405	\$ 19,795,048	\$ 1,519,784
Colorado	23,869,498	477,127,080	35,241,221
Kentucky	69,409	1,649,169	99,445
Montana	24,299,593	211,088,900	25,806,586
New Mexico	4,873,796	137,920,941	16,250,837
North Dakota	2,476,105	21,879,937	1,163,685
Oklahoma	694,889	20,925,495	537,338
Utah	24,735,386	527,442,679	35,311,293
Washington	551,890	15,848,216	1,150,777
Wyoming	<u>266,442,898</u>	<u>1,424,743,314</u>	<u>168,231,302</u>
Subtotal	348,452,869	\$2,858,420,779	\$285,312,268
<i>Cobalt</i>			
Missouri	49	\$ 101,037	\$ 3,652
<i>Copper</i>			
Missouri	14,779	\$ 6,861,935	\$ 131,972
<i>Gas</i>			
Alabama	1,023,029	\$ 1,945,274	\$ 244,180
Alaska	15,552,572	26,252,717	3,355,447
Arkansas	9,143,147	19,491,542	2,617,813
California	8,626,493	20,677,741	2,299,886
Colorado	77,320,490	151,389,681	17,375,321
Kansas	17,770,265	33,995,242	4,215,380
Kentucky	306,265	689,923	84,914
Louisiana	18,037,767	47,258,950	5,902,643
Michigan	5,070,354	11,303,199	1,377,561
Mississippi	1,221,187	2,971,838	363,741
Montana	13,929,855	30,133,105	3,625,737
New Mexico	1,024,263,867	1,954,548,693	219,877,353

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Gas (cont.)			
New York	25,199	\$ 70,964	\$ 8,846
North Dakota	5,133,427	7,276,188	847,344
Ohio	633,752	1,683,927	205,819
Oklahoma	14,178,149	30,998,750	3,843,338
Pennsylvania	123,939	184,669	23,619
South Dakota	358,779	573,971	69,870
Texas	45,212,327	100,159,967	12,073,115
Utah	68,536,248	135,701,771	15,605,704
Virginia	413,373	925,906	106,257
West Virginia	1,040,873	2,585,294	317,445
Wyoming	<u>558,532,852</u>	<u>1,100,309,718</u>	<u>126,755,679</u>
Subtotal	1,886,454,209	\$3,681,129,030	\$421,197,012
Gas Lost			
California	48,547	\$ 80,794	\$ 10,099
Colorado	3,179	8,073	1,009
New Mexico	6,750	13,271	1,659
Wyoming	<u>21,106</u>	<u>39,860</u>	<u>4,982</u>
Subtotal	79,582	\$ 141,998	\$ 17,749
Gas Plant Products			
Alabama	354	\$ 98	\$ 39
Alaska	406,556	187,016	20,983
California	2,516,881	850,503	63,013
Colorado	46,017,105	12,075,863	688,003
Kansas	3,807,699	1,089,671	98,771
Louisiana	13,545,666	4,063,700	355,980
Michigan	1,227,514	356,118	30,847
Montana	4,997,231	1,454,272	118,839
New Mexico	686,182,171	162,755,751	13,086,340
North Dakota	45,106	13,983	1,488
Oklahoma	672,201	172,957	19,762
Texas	3,275,147	941,222	116,808
Utah	18,987,596	6,645,659	375,782
Wyoming	<u>250,611,029</u>	<u>62,652,757</u>	<u>4,749,079</u>
Subtotal	1,032,292,256	\$ 253,259,570	\$ 19,725,734
Geothermal			
California	13,089,431	\$ 125,396,749	\$ 13,658,539
Nevada	1,853,581	42,521,139	4,242,818
Utah	<u>745,402</u>	<u>1,751,694</u>	<u>175,169</u>
Subtotal	15,688,414	\$ 169,669,582	\$ 18,076,526

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Gilsonite</i>			
Utah	14,890	\$ 3,335,947	\$ 229,668
<i>Hot Water</i>			
California	257,015	\$ 1,696,298	\$ 169,630
Nevada	11,706	44,483	4,449
New Mexico	5,028	5,782	578
Subtotal	273,749	\$ 1,746,563	\$ 174,657
<i>Langbeinite</i>			
New Mexico	902,269	\$ 80,654,039	\$ 1,610,681
<i>Lead</i>			
Missouri	251,929	\$108,467,179	\$ 2,618,566
<i>Limestone</i>			
Virginia	28,015	\$ 200,447	\$ 11,831
<i>Magnesium</i>			
Utah	34,619	\$ 452,735	\$ 13,583
<i>Nitrogen</i>			
North Dakota	35,464	\$ 7,090	\$ 857
Wyoming	97	450	48
Subtotal	35,561	\$ 7,540	\$ 905
<i>Oil</i>			
Alabama	82,243	\$ 1,024,189	\$ 125,035
Alaska	500,470	6,884,103	852,085
Arkansas	2,279	31,635	3,954
California	22,506,462	223,843,943	11,818,536
Colorado	5,293,160	78,036,940	10,103,807
Florida	9,428	134,506	16,813
Illinois	54,107	730,179	86,306
Kansas	237,967	3,292,075	349,988
Kentucky	11,026	148,354	2,811
Louisiana	1,062,998	15,415,347	1,847,030
Michigan	100,091	1,380,488	171,161
Mississippi	730,747	7,215,125	833,440
Montana	2,765,388	35,044,205	3,792,270
Nebraska	65,912	859,497	105,976

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Oil (cont.)</i>			
Nevada	814,324	\$ 8,446,817	\$ 982,412
New Mexico	27,539,864	381,969,628	36,890,848
North Dakota	6,411,709	84,969,005	10,183,825
Ohio	31,852	414,109	20,285
Oklahoma	187,510	2,538,897	273,975
Pennsylvania	1,711	25,903	246
South Dakota	210,136	2,801,736	358,166
Texas	748,696	8,910,001	848,576
Utah	4,721,967	58,162,083	5,814,532
West Virginia	21,921	281,182	35,147
Wyoming	<u>37,103,850</u>	<u>435,998,503</u>	<u>46,636,573</u>
Subtotal	111,215,818	\$1,358,558,450	\$132,153,797
<i>Oil Lost</i>			
California	85,509	\$ 723,463	\$ 40,514
Colorado	(233)	(4,574)	(229)
New Mexico	<u>55</u>	<u>1,000</u>	<u>125</u>
Subtotal	85,331	\$ 719,889	\$ 40,410
<i>Phosphate</i>			
Idaho	5,881,357	\$ 102,629,672	\$ 5,131,484
<i>Potash</i>			
California	198	\$ 29,839	\$ 1,492
New Mexico	1,243,861	123,659,718	2,376,863
Utah	<u>19,530</u>	<u>1,835,715</u>	<u>55,068</u>
Subtotal	1,263,589	\$ 125,525,272	\$ 2,433,423
<i>Purge Liquor</i>			
Wyoming	41,143	\$ 855,708	\$ 49,340
<i>Quartz Crystals</i>			
Arkansas	29,026	\$ 43,249	\$ 2,162
<i>Sand and Gravel</i>			
Nevada	2,282,009	\$ 10,063,661	\$ 482,049
<i>Sodium</i>			
Arizona	468	\$ 15,444	\$ 772
California	902,657	75,265,205	3,708,178
Colorado	<u>77,352</u>	<u>10,575,135</u>	<u>528,771</u>

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

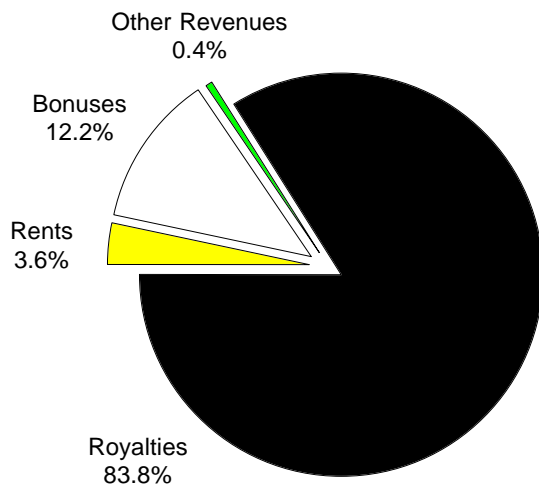
	Sales Volume	Sales Value	Royalties/ Revenues
<i>Sodium (cont.)</i>			
New Mexico	468,230	\$ 686,167	\$ 34,293
Utah	5,842	39,533	1,062
Wyoming	<u>3,654,844</u>	<u>272,497,591</u>	<u>15,218,617</u>
Subtotal	5,109,393	\$ 359,079,075	\$ 19,491,693
<i>Sulfur</i>			
Alabama	376	\$ 16,096	\$ 2,013
California	5,740	34,440	1,722
Montana	(1,097)	(14,574)	(577)
New Mexico	5,010	12,627	790
North Dakota	(94)	(599)	(74)
Utah	4,978	21,904	2,738
Wyoming	<u>556,048</u>	<u>13,272,872</u>	<u>182,689</u>
Subtotal	570,961	\$ 13,342,766	\$ 189,301
<i>Trona Ore</i>			
Wyoming	20,730	\$ 1,324,025	\$ 67,537
<i>Zinc</i>			
Missouri	60,877	\$ 31,414,428	\$ 1,033,200
Royalty Total		\$9,351,745,805	\$921,381,531
<i>Rents</i>			
Alabama			\$ 45,329
Alaska			10,895
Arizona			155,441
Arkansas			362,483
California			424,134
Colorado			3,934,934
Florida			3,847
Georgia			(1,089)
Idaho			7,875
Illinois			516
Kansas			9,764
Kentucky			20,321
Louisiana			433,854
Maryland			496
Michigan			176,089
Minnesota			1,828

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Rents (cont.)</i>			
Mississippi			\$ 786,150
Missouri			2,163
Montana			2,214,224
Nebraska			5,312
Nevada			2,836,032
New Mexico			3,083,294
North Dakota			877,873
Ohio			26,927
Oklahoma			246,037
Oregon			110,483
Pennsylvania			1,130
South Dakota			323,698
Texas			360,759
Utah			4,538,833
Virginia			2,017
Washington			21,349
West Virginia			65,201
Wisconsin			426
Wyoming			<u>18,131,087</u>
Rent Total			\$39,219,712
<i>Bonuses</i>			
Alabama			\$ 4,543
Arizona			149,827
Arkansas			219,757
California			669,733
Colorado			6,567,154
Idaho			463,344
Kansas			11,190
Kentucky			1,040
Louisiana			369,534
Michigan			39,785
Mississippi			451,577
Montana			2,013,424
Nevada			315,532
New Mexico			15,382,025
North Dakota			571,180
Ohio			652
Oklahoma			1,004,230
South Dakota			17,474
Texas			132,467

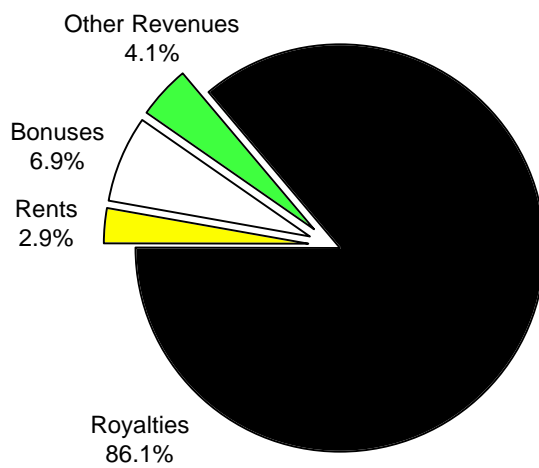
Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Bonuses (cont.)</i>			
Utah			\$ 5,015,128
Wyoming			100,782,257
Bonus Total			\$ 134,181,853
<i>Other Revenues</i>			
Alabama			\$ (43,560)
Alaska			(29,954)
Arkansas			179,115
California			1,805,528
Colorado			169,443
Florida			1,971
Georgia			1,518
Idaho			87,261
Illinois			687
Kansas			101,898
Kentucky			22,487
Louisiana			(376,765)
Maryland			9,478
Michigan			13,302
Minnesota			48,660
Mississippi			5,321
Missouri			15,393
Montana			1,003,555
Nebraska			18,401
Nevada			14,660
New Mexico			(1,050,709)
North Carolina			474
North Dakota			59,621
Ohio			(289)
Oklahoma			125,410
Pennsylvania			21,682
South Dakota			22,759
Texas			73,582
Utah			889,977
Virginia			500
West Virginia			173,211
Wyoming			1,715,531
Other Revenues Total			\$ 5,080,148
Total Revenues			\$1,099,863,244



Royalties	\$ 921,381,531
Rents	39,219,712
Bonuses	134,181,853
Other Revenues	5,080,148
Total	\$1,099,863,244

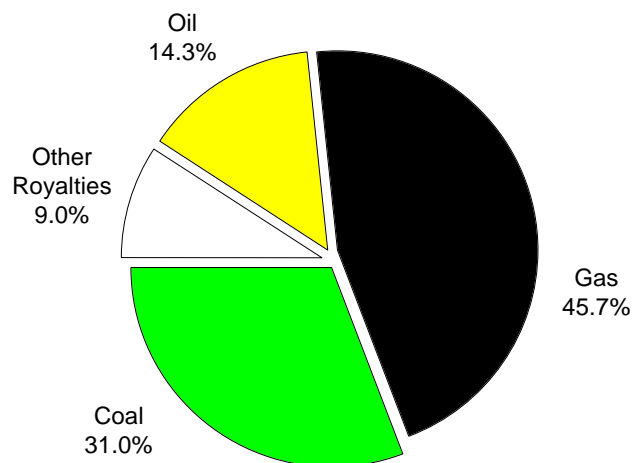
January - December, 1998



Royalties	\$1,074,491,898
Rents	36,725,742
Bonuses	85,975,504
Other Revenues	51,562,297
Total	\$1,248,755,441

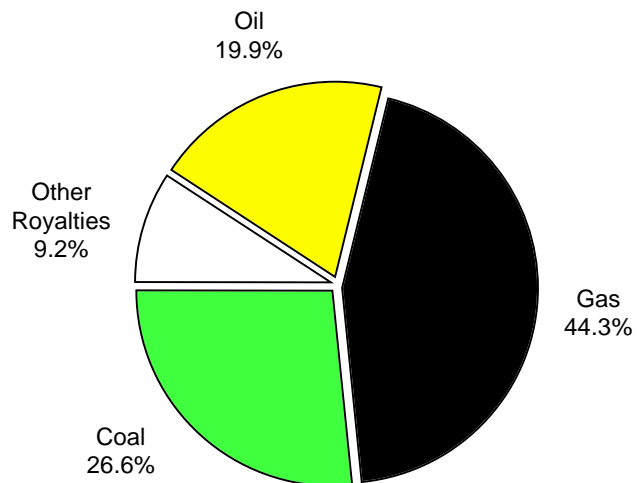
January - December, 1997

Figure 10. Revenues from Federal onshore mineral leases by source, January - December, 1997 and 1998



Coal	\$285,312,268
Gas	421,197,012
Oil	132,153,797
Other Royalties	82,718,454
Total	\$921,381,531

January - December, 1998



Coal	\$ 285,552,110
Gas	476,555,620
Oil	213,661,820
Other Royalties	98,722,348
Total	\$1,074,491,898

January - December, 1997

Figure 11. Royalties from Federal onshore mineral leases by commodity, January - December, 1997 and 1998

Indian Mineral Revenues



Photo courtesy of Corel Corporation

Table 11. Revenues from Indian mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 15,076,834	\$ 10,835,505	\$ 15,441,112	\$ 19,068,452	\$ 60,421,903
Gas Royalties	20,413,241	18,445,005	18,891,253	16,765,734	74,515,233
Oil Royalties	8,848,171	8,004,858	6,919,581	8,245,031	32,017,641
Other Royalties . . .	<u>1,801,608</u>	<u>2,421,531</u>	<u>2,334,503</u>	<u>2,280,240</u>	<u>8,837,882</u>
Royalty Subtotal	\$ 46,139,854	\$ 39,706,899	\$ 43,586,449	\$ 46,359,457	\$ 175,792,659
Rents	\$ 168,734	\$ 237,177	\$ 288,324	\$ 256,583	\$ 950,818
Bonuses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Other Revenues . .	<u>\$ 979,872</u>	<u>\$ 1,770,900</u>	<u>\$ 5,470,374</u>	<u>\$ 918,805</u>	<u>\$ 9,139,951</u>
Total	\$ 47,288,460	\$ 41,714,976	\$ 49,345,147	\$ 47,534,845	\$ 185,883,428

NOTE: Indian bonuses are collected by the Bureau of Indian Affairs.

Table 12. Revenues from Indian mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 15,742,090	\$ 14,580,343	\$ 17,523,344	\$ 18,780,857	\$ 66,626,634
Gas Royalties	20,277,525	18,927,023	15,982,887	25,222,348	80,409,783
Oil Royalties	12,940,317	10,348,358	10,469,227	14,780,483	48,538,385
Other Royalties . . .	<u>2,045,220</u>	<u>2,558,101</u>	<u>1,740,595</u>	<u>3,327,973</u>	<u>9,671,889</u>
Royalty Subtotal	\$ 51,005,152	\$ 46,413,825	\$ 45,716,053	\$ 62,111,661	\$ 205,246,691
Rents	\$ 153,405	\$ 432,173	\$ 123,703	\$ 228,812	\$ 938,093
Bonuses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Other Revenues . .	<u>\$ 1,138,352</u>	<u>\$ 60,141</u>	<u>\$ 220,009</u>	<u>\$ 6,199,872</u>	<u>\$ 7,618,374</u>
Total	\$ 52,296,909	\$ 46,906,139	\$ 46,059,765	\$ 68,540,345	\$ 213,803,158

NOTE: Indian bonuses are collected by the Bureau of Indian Affairs.

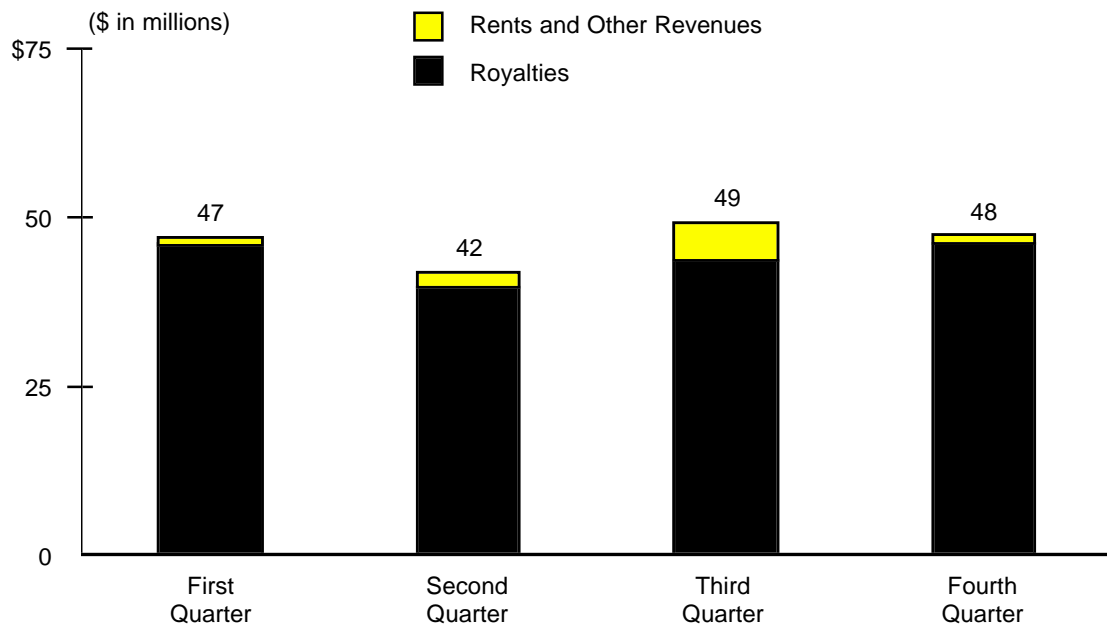
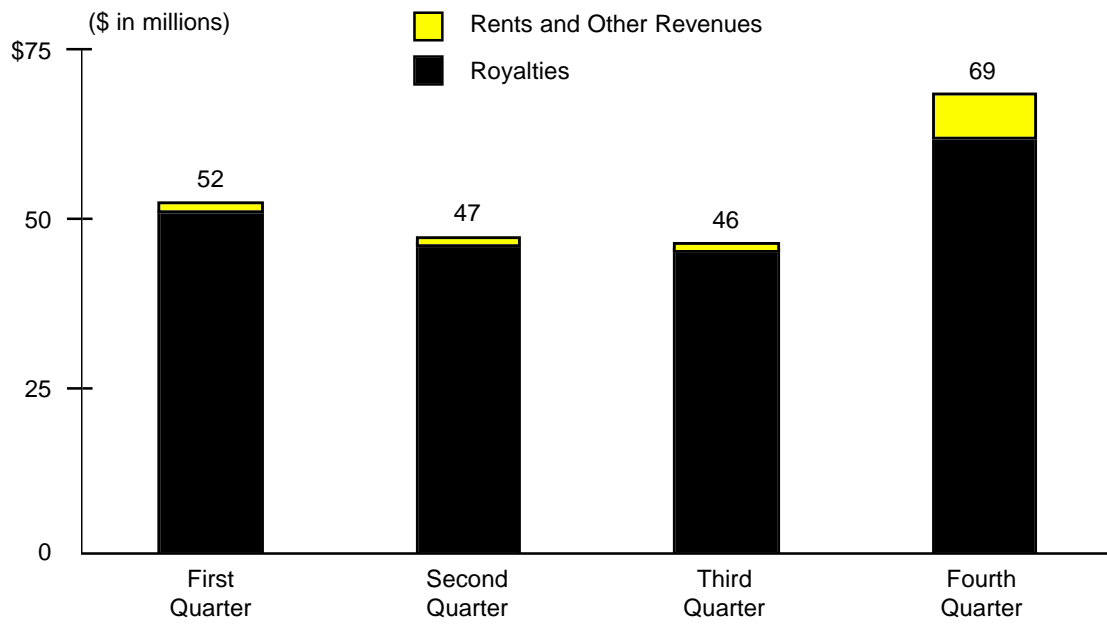
**1998****1997**

Figure 12. Revenues by source from Indian mineral leases, by quarter, Calendar Years 1997 and 1998

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - December, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
Clay			
Arizona	148,052	\$ 96,234	\$ 9,623
Coal			
Arizona	11,369,978	\$260,659,009	\$32,582,376
Montana	6,958,887	41,157,599	3,134,896
New Mexico	<u>10,604,698</u>	<u>199,475,859</u>	<u>24,704,631</u>
Subtotal	28,933,563	\$501,292,467	\$60,421,903
Copper			
Arizona	14,808	\$ 6,161,969	\$ 570,598
Gas			
Arizona	339,889	\$ 609,310	\$ 114,071
Colorado	171,119,996	284,266,965	39,652,100
Montana	1,399,188	2,421,887	362,075
New Mexico	53,905,779	113,093,123	14,925,678
North Dakota	162,760	250,267	32,802
Oklahoma	19,466,267	45,592,574	7,820,074
Texas	11,674,483	27,433,906	5,326,263
Utah	6,382,411	14,056,736	2,091,158
Wyoming	<u>14,247,517</u>	<u>24,934,915</u>	<u>4,191,012</u>
Subtotal	278,698,290	\$512,659,683	\$74,515,233
Gas Lost			
Montana	25,612	\$ 30,973	\$ 3,872
Gas Plant Products			
Colorado	1,383,376	\$ 539,517	\$ 35,716
Montana	343,667	75,734	6,829
New Mexico	52,437,961	11,125,458	1,024,675
North Dakota	660,487	168,379	10,812
Oklahoma	5,270,590	1,335,576	203,101
Texas	21,710,527	4,583,878	619,054
Utah	4,408,874	1,035,512	71,771
Wyoming	<u>624,080</u>	<u>181,545</u>	<u>16,466</u>
Subtotal	86,839,562	\$ 19,045,599	\$ 1,988,424
Gypsum			
New Mexico	620,459	\$ 2,469,426	\$ 670,202

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Limestone</i>			
Oklahoma	74,924	\$ 303,442	\$ 8,254
<i>Oil</i>			
Arizona	80,219	\$ 1,063,356	\$ 179,553
Colorado	112,659	1,605,254	247,672
Michigan	384	5,221	691
Montana	784,317	9,690,882	1,489,169
New Mexico	755,435	10,463,621	1,507,723
North Dakota	86,361	1,113,475	163,241
Oklahoma	1,519,400	21,228,039	3,264,766
South Dakota	1,238	7,940	1,588
Texas	810,939	11,876,886	2,326,832
Utah	9,102,920	120,681,190	18,852,113
Wyoming	<u>1,948,721</u>	<u>20,096,359</u>	<u>3,984,293</u>
Subtotal	15,202,593	\$ 197,832,223	\$ 32,017,641
<i>Oil Lost</i>			
Colorado	16	\$ 229	\$ 29
<i>Phosphate</i>			
Idaho	104	\$ 5,280	\$ 396
<i>Sand and Gravel</i>			
Arizona	3,340,196	\$ 15,261,830	\$ 2,495,309
California	1,381,871	5,233,393	1,279,565
Colorado	2,189	9,579	1,489
Nevada	600,779	3,043,219	257,718
New Mexico	1,908,015	4,971,324	1,222,449
Oklahoma	27,275	30,548	13,484
Utah	133,418	508,321	59,067
Washington	<u>432,909</u>	<u>1,069,366</u>	<u>237,185</u>
Subtotal	7,826,652	\$ 30,127,580	\$ 5,566,266
<i>Silica Sand</i>			
Arizona	45,827	\$ 1,028,774	\$ 20,164
<i>Sulfur</i>			
North Dakota	107	\$ 430	\$ 54
Royalty Total		\$1,271,054,309	\$175,792,659

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - December, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents			
Arizona			\$ 68,213
Colorado			81,320
Idaho			200
Michigan			196
Montana			46,762
New Mexico			304,691
North Dakota			6,958
Oklahoma			128,412
South Dakota			800
Utah			238,718
Wyoming			<u>74,548</u>
Rent Total			\$ 950,818
Other Revenues			
Arizona			\$ 1,180,155
California			5,000
Colorado			754,088
Idaho			1,200
Montana			20,031
New Mexico			(220,336)
North Dakota			815
Oklahoma			954,509
Texas			(30,700)
Utah			5,726,052
Washington			6,000
Wyoming			<u>743,137</u>
Other Revenues Total			\$ 9,139,951
Total Revenues			\$185,883,428

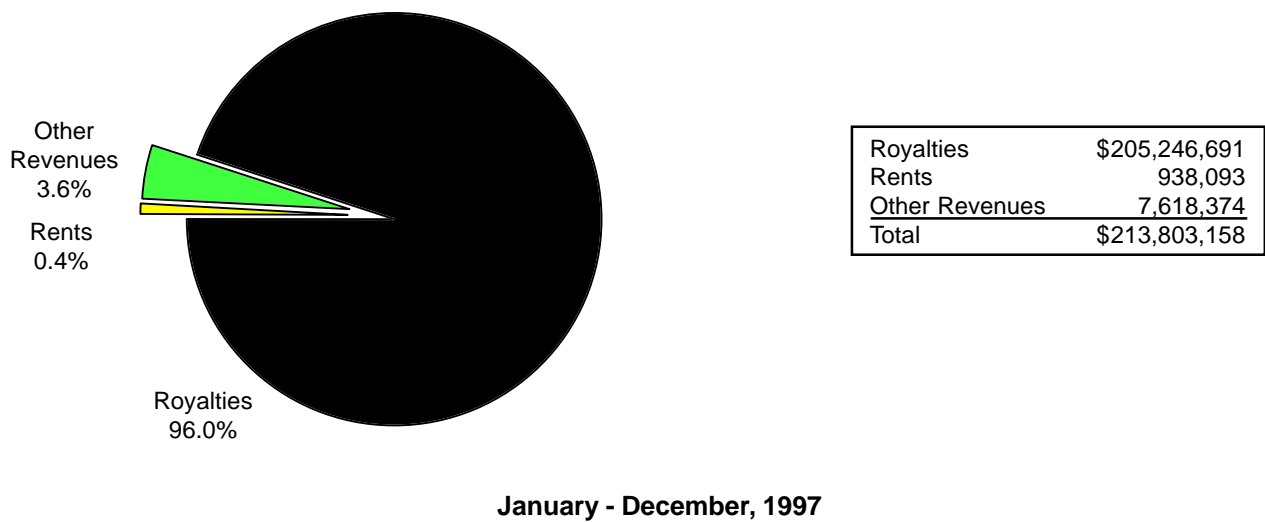
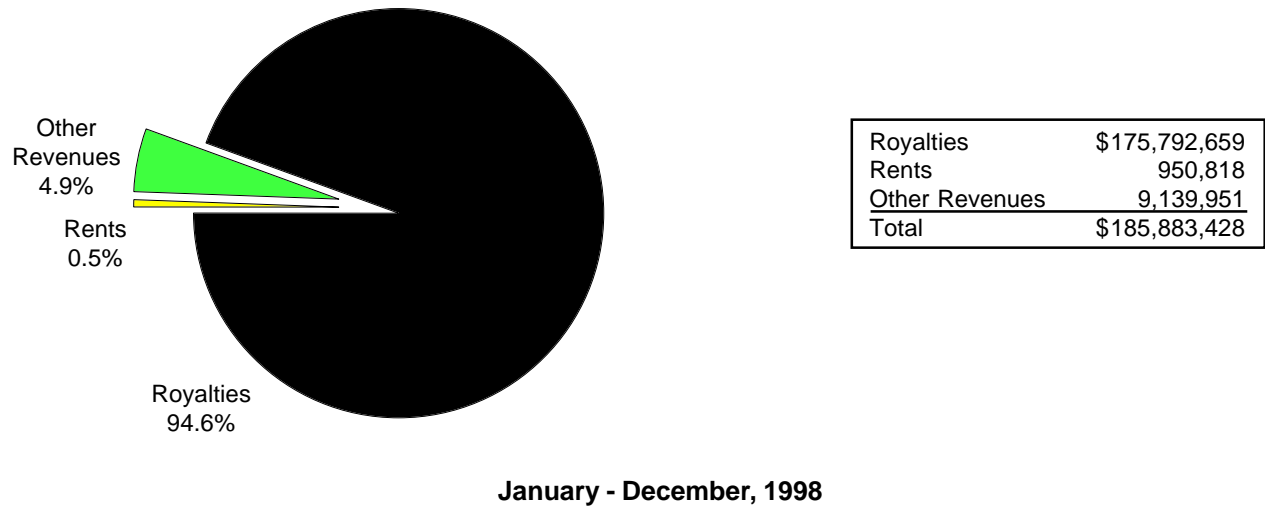
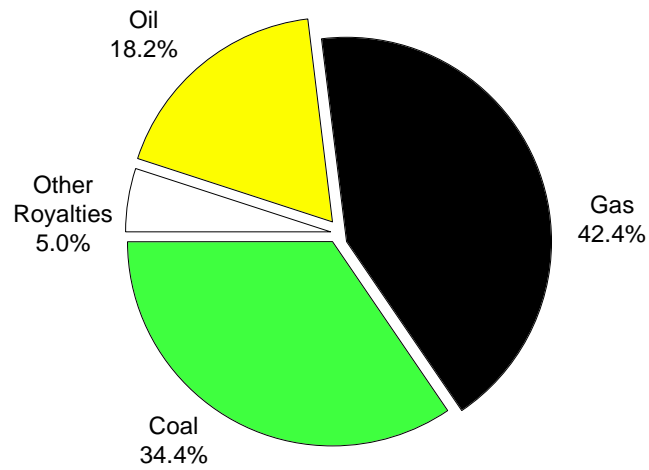
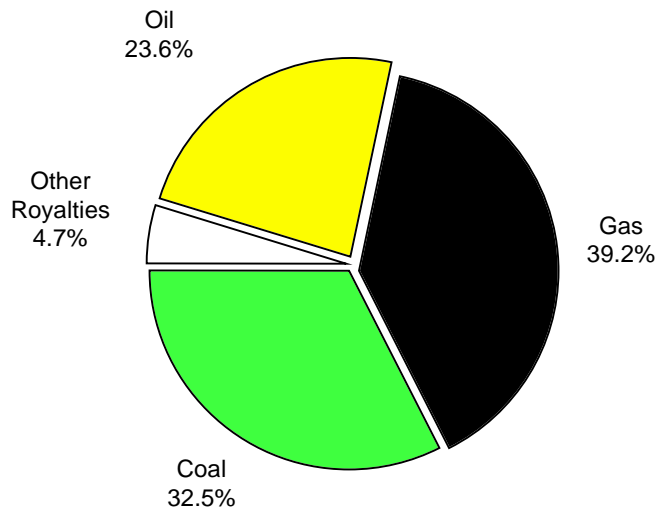


Figure 13. Revenues from Indian mineral leases by source, January - December, 1997 and 1998



Coal	\$ 60,421,903
Gas	74,515,233
Oil	32,017,641
Other Royalties	<u>8,837,882</u>
Total	\$175,792,659

January - December, 1998



Coal	\$ 66,626,634
Gas	80,409,783
Oil	48,538,385
Other Royalties	<u>9,671,889</u>
Total	\$205,246,691

January - December, 1997

Figure 14. Royalties from Indian mineral leases by commodity, January - December, 1997 and 1998

Glossary

Acquired lands — Lands in Federal ownership that the Government obtained by deed through purchase, gift, exchange, or condemnation proceedings.

Allowance — An allowable deduction from value for royalty purposes.

Auditing and Financial System — A computer system application operated by the Minerals Management Service for collecting and disbursing royalties from producing leases and rents from nonproducing leases on Federal and Indian lands.

Barrel/bbl — A measure of volume for petroleum products. One barrel is equivalent to 42 U.S. gallons or 0.1589 cubic meters. One cubic meter equals 6.293 barrels.

BIA — Bureau of Indian Affairs. A Federal agency within the U.S. Department of the Interior responsible for facilitating the full development of the human and natural resource potential of Indian and Alaskan Native people to manage their own affairs under a trust relationship with the Federal Government.

Bonus — The cash consideration paid to the United States by the successful bidder for a mineral lease. The payment is made in addition to the rent and royalty obligations specified in the lease.

Bureau of Land Management — A Federal agency within the U.S. Department of the Interior that administers public lands and natural resources. Bureau of Land Management programs provide for the protection, orderly development, and use of public lands and resources under principles of multiple use and sustained yield.

Business Information System — A computer system application operated by the Minerals Management Service. The Business Information System is an enhanced version of the former State and Tribal Support System and is compatible with the post-Business Systems Planning Implementation

architecture. The Business Information System provides States, Indian Tribes, and other Federal agencies with access to Auditing and Financial System data and selected Production Accounting and Auditing System data.

Competitive leasing — The Federal Government issues leases on Federal onshore lands where there are known mineral deposits, or where inference of probable mineralization may be derived from knowledge of the geology of the land. The lands are offered for lease by competitive bidding following publication of the offer of the lands for lease. The lease is issued to the highest bidder at a sale by public auction. The Federal Government offers leases of certain Outer Continental Shelf tracts by competitive sealed bid. The bids are received, announced, and recorded, and the lease is generally issued to the highest bidder. See **Noncompetitive leasing**.

Department of the Interior — A Cabinet-level department in the Executive Branch of the Federal Government responsible for the administration of most of the nationally owned public lands and natural resources. The Department of the Interior is further responsible for American Indian reservation communities and for individuals who live in Island Territories under U.S. administration.

Effective date — The date a lease or assignment becomes effective. The effective date for a lease is the first day of the month after the issue date or, upon applicant request, the first day of the month of issuance. The effective date for an assignment is the first day of the month after proper filing of all required documents.

Electronic data interchange — A process designed to exchange information electronically to reduce paper report volume, reduce errors and expedite error correction, and provide a more current database.

Explanation of payment reports — A series of reports produced by the Minerals Management

Service Royalty Management Program, mailed twice each month to Indian Tribes and once each month to States. The reports for Indian allottees are produced and distributed twice each month by the Bureau of Indian Affairs with information supplied by the Royalty Management Program. The reports address the source and nature of mineral revenue disbursements.

Federal land — All land and interests in land owned by the Federal Government, including Outer Continental Shelf, public domain, acquired, and military lands.

Federal Oil and Gas Royalty Management Act of 1982 — Federal Oil and Gas Royalty Management Act of 1982, 30 U.S.C. 1701 *et seq.* Public Law 97-451 enacted to ensure that royalties from oil and gas produced from Federal and Indian lands and the Outer Continental Shelf are properly collected and accounted for under the direction of the Secretary of the Interior.

Federal Oil and Gas Royalty Simplification and Fairness Act — Public Law 104-185, 110 Stat. 1700, enacted to amend the Federal Oil and Gas Royalty Management Act of 1982 and revise Minerals Management Service procedures in several respects.

FY — Fiscal Year. A period of time used for accounting purposes. The Federal Government recognizes a fiscal year that begins October 1 of one year and ends September 30 of the following year.

Indian allotment — An allocation of a parcel of public lands or Indian reservation lands to an Indian for individual use. Revenue from mineral production from leases on Indian allotments is paid to the individual Indian allottee. See **Indian allottee**.

Indian allottee — Any Indian who holds title to land or an interest in land subject to Federal restrictions against alienation. See **Indian allotment**.

Indian land — Lands owned by Indians, including either Tribal lands held in trust by the United States or subject to Federal restrictions against alienation, or allotted land owned by an individual Indian with Federal restrictions against alienation. The Bureau of Indian Affairs monitors Indian leases.

Lease — A legal document executed between a landowner, as lessor, and a company or individual, as lessee, that conveys the right to exploit the premises for minerals or other products for a specified period of time over a given area.

LWCF — Land and Water Conservation Fund. The Land and Water Conservation Act of 1965 created a fund, currently administered by the National Park Service, to provide revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Approximately 10-30 percent of the legislated yearly minimum of \$900 million is provided through revenues from surplus property sales and receipts from the motorboat fuels tax. The remaining 70-90 percent of the legislated yearly minimum is provided from offshore mineral leasing under the provisions of the Outer Continental Shelf Lands Act, as amended.

Mcf — Thousand cubic feet.

Military acquired lands — Lands acquired with military funds under military acquisition laws.

Mineral — Naturally occurring organic or inorganic substances with characteristics and uses that bring them within the purview of mineral laws. Minerals may be obtained under applicable laws from public lands by purchase, lease, or preemptive entry.

Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. 351 *et seq.* — An act that extends mineral leasing laws, including the Mineral Leasing Act of 1920 and subsequent amendments, to all lands acquired by the United States, and authorizes mineral leasing on those lands. Mineral leases on acquired lands cannot be issued without the concurrence of the acquiring agency. The act requires disbursement of mineral receipts from acquired lands in the manner prescribed by legislation governing the type of land in question, including acquired national grasslands, and acquired national forest lands. See **MLA**.

Minimum royalty — An annual payment on a per-acre basis, required to maintain the rights to a lease

until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that lease year.

MLA — Mineral Leasing Act of 1920, as amended, 30 U.S.C. 181 *et seq.* An act, with subsequent amendments, that promotes the production of coal, gas, oil, oil shale, phosphate, potassium, and sodium on Federal public domain lands. The act establishes procedures to explore and develop each of these minerals and specifies terms and conditions for issuing permits and leases. Rental and royalty terms are specified for each mineral, and general conditions are established for pipeline right-of-way, lease diligence, royalty disposition, and holding restrictions. The act requires sharing royalty and other lease revenues with the States. The Secretary of the Interior is authorized to promulgate rules and regulations to implement and enforce the act.

MMS — Minerals Management Service. A Federal agency within the U.S. Department of the Interior that administers the Offshore Minerals Management Program and the Royalty Management Program. The Offshore Minerals Management Program is responsible for the Outer Continental Shelf leasing program and for ensuring that exploration and production of the Nation's offshore mineral resources is conducted in a safe manner with concern for the environment. The Royalty Management Program is responsible for the accurate and timely determination, collection, and distribution of royalties from Federal and Indian lands, and bonuses and rents from Federal lands.

Net profit share lease — An Outer Continental Shelf lease that provides for payment to the United States of a percentage share of the net profits for production of oil and gas from the tract. The percentage share may be fixed in the notice of the lease sale or may be a variable of the bid, depending on the bidding system used for the lease sale.

NHPF — National Historic Preservation Fund. A fund, currently administered by the National Park Service, designed to expand and accelerate historic preservation plans and activities. NHPF provides revenues for matching grants-in-aid to States and local governments, and funds the National Trust for

Historic Preservation. Offshore mineral leasing provides 100 percent of fund revenues.

Noncompetitive leasing — Leases issued to qualified applicants for land not specifically known or presumed to contain mineral or petroleum deposits in quantity. See **Competitive leasing**.

OCS — Outer Continental Shelf. All submerged lands seaward and outside the area of lands beneath navigable waters. Lands beneath navigable waters are interpreted as extending from the coastline 3 nautical miles into the Arctic Ocean, the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, excluding the coastal waters off Texas and western Florida. Lands beneath navigable waters are interpreted as extending from the coastline 3 marine leagues into the Gulf of Mexico off Texas and western Florida.

OCSLA — Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. 1331 *et seq.* An act that establishes procedures for U.S. jurisdiction over Outer Continental Shelf lands and authorizes the Secretary of the Interior to issue exploration permits and mineral leases for oil, gas, sulfur, and other mineral resources on those lands. The Secretary is authorized to implement alternative bidding systems, including net profit share leases, to promote development of marginal oil and gas deposits. Significant amendments were enacted into the original law in 1978 and 1985. See **Net profit share lease**.

OPEC — Organization of Petroleum Exporting Countries. Current members follow: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Operator — The individual, partnership, firm, or corporation having control or management of operations on a leased area or a portion thereof. The operator may be the lessee, designated agent of the lessee, a holder of rights under an approved operation agreement, or an agent of an operating rights holder.

OTFM — Office of Trust Funds Management. An office within the U.S. Department of the Interior responsible for the management and investment of

Tribal and Indian trust funds for the Office of Special Trustee for American Indians.

Production Accounting and Auditing System — An integrated system of both automated and manual applications operated by the Minerals Management Service to collect production and other operational data, and to ensure that royalties are paid on 100 percent of reported production.

Public lands — Any land and interest in land owned by the United States and administered by the Secretary of the Interior through the Bureau of Land Management and the Minerals Management Service, without regard to the manner through which the United States acquired ownership, except (1) lands located on the Outer Continental Shelf, and (2) lands held for the benefit of Indians, Aleuts, and Eskimos. The Bureau of Land Management considers acquired lands to be a category of public lands. The Minerals Management Service distinguishes public domain lands from acquired lands for purposes of various statutory revenue distributions. See **Acquired lands**.

Rent — Periodic payments made by the holder of a lease, during the primary lease term, for the right to use the land or resources for purposes established in the lease.

Report month — The month in which the Minerals Management Service receives production, sales, or royalty reports from operators and lessees.

Royalty — Payment, in value (money) or in kind (a volume of the commodity), of a stated proportionate interest in production from mineral deposits by the lessees to the lessor. The royalty rate may be an established minimum, a step-scale, or a sliding-scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-

scale royalty rate is based on average production and applies to all production from the lease.

Royalty-in-kind — A program operated under the provisions of the Mineral Leasing Act of 1920 and the Outer Continental Shelf Lands Act of 1953. The Federal Government, as lessor, may take part or all of its oil and gas royalties “in kind” (a volume of the commodity) as opposed to “in value” (money). Under the oil royalty-in-kind program, the Government sells oil at fair market value to eligible refiners who do not have access to an adequate supply of crude oil at equitable prices. In addition, the Minerals Management Service initiated three royalty-in-kind pilot programs in 1998, entering into contracts to sell selected Wyoming oil and selected Gulf of Mexico natural gas by competitive bid to gas marketers. The pilot was designed to reduce the administrative burden for both industry and the Government.

RMP — Royalty Management Program. See **MMS**.

Sales value — Proceeds received for the sale of a mineral.

Sales volume — The volume of mineral production measured at the royalty settlement point determined by the Bureau of Land Management for onshore production and the Minerals Management Service for offshore production.

Treasury — U.S. Department of the Treasury. A Cabinet-level department in the Executive Branch of the Federal Government responsible for the financial resources of the United States. The Treasury is responsible for regulating national banks, determining international economic policy, collecting income taxes and customs duties, reporting Government daily financial transactions, and manufacturing coins and bills for circulation.

Appendix

Inch-Pound/Metric Conversion

Measurements in this report use English (inch-pound) units. Federal and industry organizations are moving toward International System Units, often referred to as metric units. The following table provides factors for converting measurements to inch-pound or metric units. To obtain the metric equivalent, multiply the inch-pound unit by the conversion factor. To obtain the inch-pound equivalent, multiply the metric unit by the conversion factor.

To convert from inch-pound unit	Multiply by	To equal metric unit
acre	0.4047	hectare
barrel (42 U.S. gallons)	0.1589	cubic meter
barrel (42 U.S. gallons)	0.136	metric ton
cubic foot	0.0283	cubic meter
gallon	3.785	liter
mile	1.609	kilometer
ton, long (2,240 U.S. lb.)	1.016	metric ton
ton, short (2,000 U.S. lb.)	0.9072	metric ton
 To convert from metric unit	 Multiply by	 To equal inch-pound unit
cubic meter	6.293	barrel (42 U.S. gallons)
cubic meter	35.33	cubic foot
hectare	2.471	acre
kilometer	0.6215	mile
liter	0.2642	gallon
metric ton	7.33	barrels (42 U.S. gallons)
metric ton	0.9843	long ton (2,240 U.S. lb.)
metric ton	1.1023	short ton (2,000 U.S. lb.)



As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.



As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Royalty Management Program** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.